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BUPERS NOTICE 12430

From: Chief of Naval Personnel

Subj: Bureau of Naval Personnel (BUPERS) National Security
Personnel System (NSPS) Business Rules

Ref: (a) DoD Civilian Personnel Manual 1400.25-M Sub-chapter
1940 of 12 Dec 2008
(b) DON Interim Guidance, Performance Management under
NSPS, Version 1 - 21 Apr 2006
(c) Department of the Navy Pay Administration under
NSPS Interim Guidance-version 2.4 of 4 Jan 2009
(d) Quick Reference Guide for Interim Review, Closeout
Assessment, And Early Annual Recommended Rating

Encl: (1) Roles and Responsibilities

1. Purpose. This notice defines share allocation and payout distribution as directed by references (a) through (c). However, these terms will not apply to the transitional FY-10 pay pool process. The only exception is if an employee's transition date of 15 August 2010 is delayed beyond 3 January 2011 or the employee remains under NSPS in which case all NSPS regulations remain in effect.

2. Background. National Security Personnel System (NSPS) Spiral 1.2 was implemented in October 2006 and included employees from Deputy Chief of Naval Operations (Manpower, Personnel, Education and Training) (DCNO (MPTE)) (N1) and Bureau of Naval Personnel (BUPERS). Based on their lessons learned, per references (a) through (c), the following business rules were developed for use in the NSPS Performance Cycle and pay pool processes. This notice promulgates the NSPS operating rules and responsibilities (see enclosure (1)) for the commands within BUPERS including staff offices and field activities. As further policy and guidance are provided by the Department of Defense (DoD), NSPS Program Executive Office (PEO), Department

of the Navy (DON) NSPS Program Management Office (PMO), and the Office of Civilian Human Resources (OCHR), this notice will be modified accordingly.

3. Performance Management. There are four primary events associated with executing the performance management aspects of NSPS: Establishing the Performance Plan, Interim Review, End-of-cycle Review, and Annual Performance Appraisals. The guidance below specifies how these events will be conducted.

a. Establishing Performance Plans. Lessons learned from NSPS Spiral 1 commands and our own pay pools clearly highlight the importance of properly written performance plans and objectives. The following guidance will assist rating officials and employees in establishing effective performance plans.

(1) Performance plans will be entered in the Performance Appraisal Application (PAA). It is recommended that objectives be developed, critiqued and revised using word processing applications such as MS Word, but must be entered into the PAA for formal routing and approval by the supervisor/Rating Official (RO) and Higher Level Reviewer (HLR) and acknowledgement by the employee. HLR officials will be no lower than the employee's second level supervisor, unless approved by the Pay Pool Manager (PPM).

(a) ROs will identify the mission/goals of the organization and enter that information into the appropriate section of each employee's performance plan. Goals will be written to the lowest organizational level in which the employee works (department, branch, section, etc.) and the objectives will be written to support those goals.

(b) ROs are encouraged to use the Component Unique Block to explain acronyms, unique programs; to better show mechanics and purpose of the command/position.

(2) Employees will have no more than three active job objectives at any time in the performance cycle and will be rated on a maximum of five objectives. Supervisors will have no more than four active job objectives, including the mandatory supervisory objective, at any time in the performance cycle and will be rated on a maximum of five objectives. If an objective is completed or cancelled during the rating cycle, the rating

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official may add an additional objective to ensure the employee's work is properly documented for rating. Completed objectives should be rated at the close of the performance cycle; cancelled objectives should not be rated (rating of "NR"). If job objectives are weighted, the weights must be changed as objectives are added or cancelled.

(3) The objective title will summarize the objective to be met but will not repeat the contributing factor.

(4) The RO has the option to add/change the weight of the job objectives from the default condition (if objectives do not have specific weights assigned they are all equally weighted) to reflect the relevance of the objectives included in the performance plan. Weighted job objectives must total 100 percent. As job objectives are added or cancelled the weights must be adjusted to total 100 percent. When weighting objectives the following rules apply:

(a) No objective may be weighted less than 15 percent;

(b) Maximum weight on any single objective is 45 percent;

(c) Objectives will be weighted in increments of 5 percent above the 15 percent minimum; and

(d) A rating of one on any objective results in a final rating of one. If a rating of one is assigned to an objective, the weighting of the objectives becomes irrelevant and has no effect on the overall rating.

(5) Only one contributing factor will be selected for each job objective.

(6) Objectives are to be specific, measurable, aligned, realistic/relevant, and timed (SMART). Objectives will ideally contain two metrics selected from the following: quality, accuracy, timeliness and outcomes/results. Objectives should capture the results desired of an employee's work, not focus on a few select actions that are easily measured or what is expected of the position the employee is filling. Enclosure (2)

contains sample objectives for some common positions found within BUPERS/Navy Personnel Command (NAVPERSCOM). They should be tailored to fit particular positions as appropriate.

(7) Each command affected by this directive will utilize the standard supervisory objective approved by BUPERS NSPS PPM for rating officials, employees in the YC pay schedules, and other employees with supervisory responsibilities. This supervisory job objective will use "Leadership" as the sole contributing factor. The commands that compose the BUPERS Millington pay pool will use the following objective:

Title: Supervise Employees

Job Objective: Aligning with Manpower, Personnel, Training and Education (MPTE) Strategy for our People (SFOP) and BUPERS Strategic Priority 6.2 and 8, and per applicable laws, regulations and merit system principles, lead and supervise assigned personnel effectively and fairly in achieving (code) goals; provide prioritization, guidance, feedback, and development opportunities for employees to meet objectives; perform supervisor, and rating official roles in planning, monitoring and appraising employee performance, complying with NSPS/GS/military performance management procedures as applicable within published timeframes. Rating officials are required to initiate remedial action any time performance falls below expectations. Appraisals require no more than two reworks for content or extended deadlines.

The RO shall enter "SFOP" in the Component Unique Block

(8) ROs must submit performance plans to higher level review officials within 15 calendar days of the beginning of each rating cycle, the employee's entrance on duty date, or job change in order to meet the requirement of having performance plans executed within 30 days. The PPM or higher authority may authorize an extension of 15 days. ROs must request the extension in writing (e-mail is sufficient) via their supervisor, and fully justify the need for the extension. The PPM will render their decision in writing within 5 working days of receipt of an extension request, with a copy to the RO's supervisor. ROs will be held accountable for extension requests resulting from lack of planning and/or for not requesting extensions when required.

(9) ROs will document employee achievements and areas for improvement, if any, for use in the Interim and End-of-Cycle reviews. The medium to be used for this purpose is left to the RO.

(10) Prior to the Interim Review the Pay Pool Panel (PPP) or other body designated by the Performance Review Authority (PRA) and PPM will perform a review of job objectives and contributing factors of performance plans. If needed, this body will suggest changes to ROs via the HLR officials. This exercise will ensure appropriate changes are made to performance plans before any pay pool performance deliberations occur. This process will result in a shared understanding among all those involved in the creation, approval, and rating of objectives, of what is considered to be a well-written job objective.

b. Within-Cycle Changes to Performance Plans

(1) Completed/Cancelled Objectives: When an objective is completed or cancelled before the end of the rating cycle, the RO may add an additional objective to ensure the employee's work is properly documented for rating. Completed objectives will be rated at the close of the performance cycle; cancelled objectives will not be rated (rating of Not Rated (NR)). If job objectives are weighted, the weights must be updated as objectives are added or cancelled.

(2) Change in Supervisor-Employee Reporting Relationship: Anytime the supervisor-employee reporting relationship or assignment changes the employee's performance must be assessed by the RO in the form of a close-out or early annual assessment. Close-out assessments must be completed when there is a change in the RO at any time prior to the last 90 days of the appraisal period. Early Annual Assessments, with recommended ratings, shares and share allocations, must be completed if the change occurs within the last 90 days of the performance cycle.

(3) The Quick Reference Guide for Interim Review, Closeout Assessment, and Early Annual Recommended Rating (reference (d)) is available at <http://www.npc.navy.mil/AboutUs/BUPERS/HumanResources/CivilianPersonnel/> to assist managers and employees in distinguishing between interim reviews, closeout assessments, and early annual recommended ratings. This guide provides summary information

about each of these events, and includes Decision Logic Tables (DLTs) to address appropriate actions for various supervisor or employee movement scenarios

(4) Impact of closeout rating when employee works under more than one NSPS performance plan during a rating cycle: When an employee has been in more than one NSPS job during the rating cycle, the RO at the end of the cycle will prepare the supervisory assessment for the annual appraisal and the recommended rating. In most cases of this type, the employee will be under a new NSPS performance plan, not the one for which they received a closeout assessment. The RO should examine the closed NSPS performance plan and the previous supervisor's closeout assessment under that plan. If there are overlapping job objectives (e.g., both performance plans contain a job objective related to "advisory services"), the RO can make direct use of the former supervisor's comments on that objective in arriving at a recommended rating for that objective. Absent such similar job objectives, the rating official shall make every attempt to apply information from the closeout assessment when evaluating the employee's performance for the cycle.

(5) Use of closeout assessments by PPPs: Closeout assessments shall be considered by the PPP during pay pool deliberations in recommending the rating of record, share assignments, and or payout distribution.

3. Interim Review. The purpose of the interim review is for the employee and RO to discuss the employee's performance up to the midpoint of the rating cycle, and to document this discussion on the performance plan. At least one formal interim performance review will be prepared and documented as described below. Additional reviews may be conducted if warranted by the employee's performance.

a. Employee self-assessments are voluntary and are strongly encouraged as they offer the employee the single best opportunity to document their accomplishments and explain their contribution to their organization's success. They also provide the opportunity to document situations or conditions preventing desired progress in accomplishing assigned objectives. Although supervisors have the primary responsibility for providing employee feedback, employees share the responsibility of identifying and communicating successes and difficulties

relative to their assigned performance. In any case, the absence of a self-assessment will not preclude the RO from assessing an employee's performance. Employees are advised to prepare their self-assessment in word processing applications such as MS Word then copy and paste it into the My Biz PAA and route the assessment to the RO for their use in providing the employee constructive feedback on their performance. Written assessments must directly tie the employee's accomplishments to the associated objective by addressing the metrics in the objective to document how it was accomplished. Employees should begin their assessment of each objective by specifically stating their current status in achieving their objectives as follows:

- (1) "I am presently not meeting this objective."
- (2) "I am on track to meet this objective."
- (3) "I am on track to exceed this objective."

b. Contributing factors must also be addressed in the self assessment, by objective, to show how the contributing factor affected the outcome of the employee's performance. All of the expected behaviors must be exhibited to avoid a negative affect. Any collateral duties or efforts supporting the command goals outside the specified objectives can be used to support an appropriate contributing factor. Simply restating the words from the "expected" or "enhanced" descriptors will not suffice to justify a contributing factor. Employees should include the appropriate contributing factor statement, shown below, in their assessment.

(1) "CF-Below" - If not on track to meet the expected benchmarks for the CF. You must address the CF benchmark descriptors that you are not on track to meet in your assessment.

(2) "CF-Expected" - If on track to meet the expected benchmarks for the CF.

(3) "CF-Enhanced" - If on track to meet the expected and the enhanced bench marks for the CF. You must address ALL CF-Enhanced benchmark descriptors in your assessment.

Example "I am on track to meet this objective. CF-Enhanced" would indicate the employee is on track to meet the objective and to meet the enhanced benchmarks descriptors for the contributing factor."

c. The supervisor/RO will then prepare, preferably in word processing applications such as MS Word, and enter into the PAA an assessment that clearly states whether they concur with the employee's assessment, if provided, referencing the appropriate performance indicators, whether the employee is meeting, exceeding, or failing to meet the objectives and the impact of the contributing factor. Employee and RO assessments of the employee's success will likely be consistent. If not, the RO must explain any disagreement between the employee's view and the RO's view and justify their position. Performance levels (i.e., 1, 2, 3, 4, or 5) will not be indicated in the RO's assessment at the interim review. The ROs should contact their human resources office (HRO) for advice and guidance whenever a subordinate fails to meet one or more job objectives.

d. Interim reviews will be routed to and approved by the HLR prior to being acknowledged by the employee.

e. ROs should determine if the employee's job objectives are still current. Any necessary changes, additions or deletions should be discussed with the employee and incorporated in the performance plan in the PAA following the interim review but no later than 90 days before the end of the rating cycle.

5. End-of-Cycle Review

a. Command-wide notifications will inform ROs and employees of the opportunity to submit a written self-assessment by a specific date at the end of the rating cycle. As is the case with Interim reviews, the self-assessment is voluntary and employees are strongly encouraged to complete the self-assessment narrative.

b. Employees must enter their self-assessments in the PAA in My Biz, but it is recommended that these be written in word processing applications such as MS Word then copied and pasted into the PAA. Employees must address the objectives

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specifically providing supporting information to demonstrate the accomplishment of their assigned objectives referencing the appropriate performance indicators.

c. Employees should begin their assessment of each objective by specifically stating whether they met the assigned objective as follows:

- (1) "I was unable to meet this objective."
- (2) "I partially met this objective"
- (3) "I met this objective."
- (4) "I exceeded this objective."

d. Contributing factors must also be addressed in the self assessment to show how the contributing factor affected the outcome of the employee's performance. All of the expected behaviors must be exhibited to avoid a negative affect. Any collateral duties or efforts supporting the command goals outside the specified objectives can be used to support an appropriate contributing factor. Simply restating the words from the "expected" or "enhanced" descriptors will not suffice to justify a contributing factor. Employees should include the appropriate contributing factor statement, shown below, in their assessment.

(1) "CF-Below" - If not meeting the expected benchmarks for the CF. Address the CF benchmark descriptors that did not meet in your assessment.

(2) "CF-Expected" - If the expected benchmarks for the CF were met.

(3) "CF-Enhanced" If the expected and the enhanced benchmarks for the CF were met. Address all CF-Enhanced benchmark descriptors in your assessment.

Example "I met this objective. CF-Enhanced" would indicate the employee met the objective and met the expected and enhanced benchmarks descriptors for the contributing factor."

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e. The RO will review and discuss the employee's self-assessment with the employee before writing the annual performance appraisal and recommending a performance rating, share assignment, and payout distribution to the PPP. This is the employee's opportunity to advocate for the rating they feel is appropriate. The RO's purpose is to clarify their understanding of the accomplishments and contributions of the employee during the performance cycle and to compare the employee's stated accomplishments with the approved performance plan. The RO may discuss improvements the employee has had and areas that are in need of improvement but is to refrain from disclosing the recommended ratings, instead waiting until the final rating is returned by the PPM following the pay pool process.

f. The recommended rating and share assignment are not final until approved by the PPM. Consequently, the RO's end-of-cycle assessment and recommended rating are NOT to be communicated to the employee until the PPP has been conducted and the rating approved by the PPM. The PPP output is not releasable until the PRA approves the payout distribution.

6. Annual Performance Appraisal

a. ROs must enter their assessments in the PAA in My Workplace, again the use of word processing applications such as MS Word to prepare these is recommended.

b. Assessments may only address accomplishments that occurred during the rating cycle.

c. Accomplishments cited in the employee's and RO's assessments must be linked to the appropriate job objective, and avoid simply restating the objective. Performance expectations identified in an objective must also be addressed in the assessment. For example, if an objective cites a due date, the assessment must state whether the due date was met.

d. Accomplishments will be written as outcomes instead of a summary of work activities, and must show how they contributed to the completion of the objective. They will address the performance indicators appropriate for the employees pay schedule and pay band. When writing the assessment, be sure to elaborate on the impact of meeting/exceeding the metrics (the

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"so what" factor). Merely stating that one has exceeded the percentage required in the job objective does not address how the results were "far superior in quality, quantity and or impact to the objective" (Level 5 Performance Indicator for YA, YD, YK Band 2)

e. Language from established performance indicator benchmarks may be used in describing the employee's accomplishments. However simply copying text without specifying how performance met those descriptors is unsatisfactory.

f. Language from established contributing factor benchmarks may be used to describe the effect of the contributing factor on the outcome of the employee's performance. Again, evidence must be provided demonstrating the contributing factor's effect.

g. All objectives must be rated unless the employee did not have the opportunity to accomplish the objective for reasons beyond their control. In this situation, the objective will be rated "NR" for not rated. The RO must explain the circumstances preventing the rating of an objective. Objectives will not normally be modified during the last 90 days of the performance cycle to ensure that the RO has at least 90 days to observe the employees performance.

h. ROs will use the performance indicators (viewable in the employees performance plan in the PAA) to measure, evaluate, and rate each employee's performance against their personal job objectives. Enclosure (3) contains supplemental information on the BUPERS/NAVPERSCOM interpretation of the 1 through 5 ratings. The use of template text that reads similarly for more than one employee does not show this distinction and should be avoided and may impact upon the ROs own appraisal (See paragraph 51 below).

(1) When rating performance, ROs, HLRs, and PPP members must apply the performance indicators appropriate for the employee's pay band.

(2) To attain a level 3 rating, the employee must meet ALL of the level 3 performance indicators for their pay schedule and pay band. The level 3 is not the "default" mark.

i. ROs should not attempt to justify ratings by using broad and general statements such as "met and exceeded all objectives"; language used in previous appraisal systems, i.e., "critical elements", "standards"; or flowery phrases such as "a pleasure to work with."

j. The RO's assessment must explain any special circumstances, such as an employee detailed to another command during the rating cycle, long term training, extended work absence, etc., which impacted the employee's accomplishment of their objectives.

k. The RO must fully justify any proposed rating.

l. The assessment of the supervisory objective will include the number of individuals supervised and the make up of the group i.e., NSPS civilians/GS civilians/military. It should also address how well the supervisor did in their NSPS RO assessments. The quality and timeliness of the RO's assessments will be considered as a factor in the evaluation of this objective. Evidence of superficial or cursory efforts in this area shall result in a rating below level 3. Furthermore, if during the deliberations of the pay pool, the PPP observes a pattern of inadequate effort in a supervisor's execution of the RO responsibilities, the PPP is required to lower the supervisory objective rating. In the case of military ROs, the PPM will notify the individual's chain of command of the deficient performance.

m. The RO's assessment must be consistent with the recommended rating. For example, stating an employee exceeded performance expectations for an objective and then rating them at level 3 is inconsistent. Conversely, a litany of accomplishments which simply meet the objective should not be paired with a recommendation for a level 4 or 5 rating.

n. ROs will begin their assessments for each objective with the following words (in quotations) as the first sentence that corresponds to the recommended numerical rating:

(1) Level 1 - "(Name) failed to achieve the objective."

(2) Level 2 - "(Name) partially met the objective."

(3) Level 3 - "(Name) met the objective."

(4) Level 4 - "(Name) exceeded the objective."

(5) Level 5 - "(Name) significantly exceeded the objective."

o. ROs will also evaluate each contributing factor using established benchmarks and indicate the employee's level of performance for the assigned contributing factor as follows:

(1) "CF-Below" - Employee did not meet the expected benchmarks for the CF. Address the CF benchmark descriptors that were not met in your assessment, and assign a CF value of -1.

(2) "CF-Expected" - Employee met the expected benchmarks for the CF. Assign a CF value of 0.

(3) "CF-Enhanced" - Employee met the expected and the enhanced benchmarks for the CF. Address all CF-Enhanced benchmark descriptors in your assessment, and assign a CF value of +1.

p. The next sentence of the RO's assessment will indicate whether they concur with the employee's assessment of that objective, if provided. Employee and RO assessments will normally be consistent, but the RO's assessment should not merely repeat the employee's assessment. The RO must state whether they concur with the employee's assessment and provide details about the results identified in the self-assessment, (e.g., the accomplishment of 35 transactions far exceeds the normal expected level of 20 ...). The RO must explain any disagreement between the employee's view and the RO's view and justify their position.

q. Adverse or disciplinary information should be included in the appraisal; see reference (a), SC 1940.8.4.4 for detailed guidance. The rater must evaluate the impact of the misconduct on performance. When assessing the appropriate objective impacted by the behavior the assessment should include action taken, if any, such as: training, oral or written warning, letter of counseling, reprimand, etc. Additionally, if the

behavior had a negative impact on a contributing factor it should be noted when assessing the contributing factor on the appropriate job objective.

r. Justification for the share allocation will be placed in one of the objective assessment blocks. Choose which objective assessment, but it is recommended that you select the one that has the most available characters.

s. When a RO is not qualified to rate under NSPS, such as a recent hire who has not yet received training, or is otherwise unable or unavailable to rate an employee, the HLR will fulfill this requirement.

t. Detailed or temporarily reassigned employees are assigned recommended ratings by the supervisor of their permanent position unless the temporary assignment covers the majority of the performance cycle. For short term assignments the permanent supervisor will be responsible for completing the recommended rating of record, and must consider input received from temporary supervisors. For details in excess of 30 days the temporary supervisor will complete a closeout assessment, unless it is more appropriate to do an annual or early annual assessment based upon the length of the detail and the proximity to the end of the cycle.

u. Prior to submitting the performance plan to the PPM, the higher level review must be completed to ensure that the recommended ratings and shares are appropriate and equitable.

v. Performance appraisals must be written and all higher level reviews, critiques, and revisions (see enclosure (4)) for a helpful checklist) completed not later than the 3rd week of October, in order to prepare for and commence PPP operations the 4th week of October. Consistent failure to meet deadlines and publicized timeframes by ROs or HLRs will be reflected in their performance rating. When ROs or HLRs are consistently late, the chain of command will be notified and, if necessary, disciplinary action will be taken. ROs should contact the pay pool administrator for advice and guidance as needed to carry out their performance management responsibilities.

w. Once the PPPs have met and the PPM and PRA have approved the results, the RO will update the performance plan to reflect

the results of the pay pool as well as to remove all share allocation (bonus/salary split) verbiage from the appropriate objective assessment.

x. ROs will change their assessments for each objective to support the final rating, replacing the first two sentences which were dictated in paragraphs n, o and p above to "The BUPERS Millington/NAVPERSCOM PPP has determined (employee name) has (not met/partially met/met/exceeded) this objective." Use the appropriate term that corresponds to the final numerical rating.

- (1) Level 1 - not met.
- (2) Level 2 - partially met.
- (3) Level 3 - met.
- (4) Level 4 or 5 - exceeded.

y. In addition ROs will remove or replace all adjectives, adverbs, modifiers or descriptors that are in contrast to the final rating.

z. ROs will brief their employees on their rating of record and share award. ROs must understand and be able to explain the approved rating of record, share allocation, and payout distribution decisions to their employees. Additionally, if queried by their employees, ROs need to explain the following:

(1) Performance ratings are based upon an employee's accomplishment of their job objectives and the application of the performance indicators and contributing factor benchmarks. Employees are not rated against other employees, but against their individual job objectives.

(2) Employee's performance and circumstances may vary from year to year; therefore a prior year's performance is not predictive of successive years' ratings.

7. Rating Reconsideration Requests

a. Per reference (a), employees can challenge their rating of record or an individual objective rating. An employee may

not request reconsideration of a performance payout, the number or shares assigned or the distribution of payout between salary increase and bonus.

b. If the final decision results in a change to the rating of record, the corrected appraisal shall take the place of the original one. The performance appraisal will be revised by the PPA to reflect the final decision. The revised rating of record will be retroactive to the effective date of the original rating of record.

c. Reconsideration process:

(1) Reconsideration is an adjudicated process. An employee seeking reconsideration must submit a written request to the PPM with a copy to the NSPS PM, their RO and the appropriate HRO within 10 calendar days beginning the day AFTER the receipt of their rating of record. The written request must include a copy of the rating, state what change is requested and the basis for the change. The PPM may confer with the employee's chain of command for further clarification. Reconsiderations can be no longer than one page in length per objective. The reconsideration must address the objective by title and exact reason(s) for the reconsideration. The employee is to be allowed sufficient work time to prepare a reconsideration request.

(2) The employee may also include a request to discuss the reconsideration request with the PPM and or to address the PPP. The PPM shall decide whether a discussion or communication is appropriate and the date, time, location and means of communication.

(3) An employee may identify a representative to assist in pursuing the reconsideration request. Such representative will be disallowed if the PPM determines there is conflict of interest. The PPM's decision is final.

(4) The PPM will confer with the RO to address the employee's concerns and may consult with their chain of command after reviewing the request and conduct further inquiry if the PPM deems appropriate.

(5) The PPM must render a written decision within 15 calendar days of receipt. The PPM's decision must include a

full and detailed explanation for the basis of the decision. A copy of the decision is provided to the NSPS Program Management Office, HRO, RO and employee.

(6) If the employee is dissatisfied with the PPM's decision, or if the decision is not provided in the timeframe required, the employee may submit a written request to the PRA within 5 calendar days of receipt of the PPM's decision or within 5 calendar days of the date the decision should have been rendered.

(7) The PRA or designee shall review the request and confer with the PPM, or conduct further inquiry as they deem appropriate.

(8) The PRA or designee will issue a written decision within 15 calendar days of receipt. This decision is final. A copy of the decision is provided to the PPM, NSPS Program Management Office, HRO, RO and employee.

(9) Failure to comply with these procedures may result in the PPM issuing a written cancellation of the reconsideration request. A copy of the cancellation shall be furnished to the servicing HRO, NSPS Program Management Office, RO and the employee.

d. Employees who challenge their rating will initially receive a performance payout based upon the record of rating (i.e., the rating that is being challenged) so that the command's performance payout can be conducted without delay. Any additional payout resulting from a successful reconsideration request will be paid from non-pay pool funds following the performance payout. Payout and distribution will be adjusted accordingly with any distribution to salary retroactive to the effective date of the original payout.

e. Reconsideration requests containing an allegation of prohibited discrimination will not be processed through this procedure. The employee will be notified, in writing the complaint cannot be addressed under the reconsideration process but must be referred to an equal employment opportunity (EEO) counselor to initiate an EEO complaint.

8. Training Requirements

a. NSPS employees are required to complete the following courses:

(1) Online:

NSPS 101 - available at
<http://www.cpms.osd.mil/nsps/nspsconnect>

iSuccess - available at
<http://www.cpms.osd.mil/nsps/nspsconnect/>

DON NSPS Compensation Overview available - at NKO
(<https://wwa.nko.navy.mil/portal/home>, Navy elearning in the categories, Department of the Navy (DON) Training, General Civilian Training).

(2) Classroom: DON's Navigating NSPS for Employees, or both DoD's NSPS HR Elements and Performance Management for Employees classroom courses.

b. ROs and HLR officials are required to complete the following courses to be certified as a NSPS RO:

(1) Online:

NSPS 101 - available at
<http://www.cpms.osd.mil/nsps/nspsconnect>

iSuccess - available at
<http://www.cpms.osd.mil/nsps/nspsconnect/>

DON NSPS Compensation Overview - available at NKO
(<https://wwa.nko.navy.mil/portal/home>, Navy e-learning in the categories, Department of the Navy (DON) Training, General Civilian Training).

(2) Classroom: DON's Navigating NSPS for Supervisors and Managers, or both DoD's NSPS HR Elements and Performance Management for Supervisors/Managers classroom courses; Compensation for Supervisors.

ROs are encouraged to complete the following self-study or online courses:

On NSPS Connect - Discovering the Performance Management - Pay Pool Connection; From Expectations to Accomplishments: Writing Job Objectives and Assessments; Pay pools, Performance, and You available at <http://www.cpms.osd.mil/nsps/nspsconnect/>.

On NKO - Managing Change; Managing Direct Reports; and Coaching for Results available at <https://wwwa.nko.navy.mil/portal/home>, Navy e-learning, in the category, Department of the Department of Defense (DoD) Training, National Security Personnel System, Manager and Supervisory Curriculum. Select the appropriate sub category to view the course titles.

c. PPP members and the PPM are required to complete either the Introduction to Pay pool Management or Practicing Pay pools course in addition to the courses required for rating officials.

d. The PPM will ensure ROs, HLRs and PPP members are appropriately trained in the performance of their respective duties. The PPA will maintain a list of all pay pool officials, ROs and HLRs reflecting their training status which will be verified and updated quarterly to ensure participants are appropriately trained.

9. Disqualifying ROs

a. A RO who initially met the minimum qualifications as a RO may be disqualified by the PPM when the RO fails to make meaningful distinctions in performance levels or for the other reasons listed in reference (a), section 1930 and 1940, and for any other legitimate reason, to include non-compliance with NSPS performance management responsibilities, as determined by the PPM.

b. The PPM will provide a written notice to the RO with a copy to the RO's supervisor explaining the basis for disqualification and the specific steps that must be taken to restore this authority. The written notice will also advise the

RO that they will be held accountable in their performance rating when the decertification is a result of performance or behavioral issues.

c. If a RO is disqualified the HLR for that official's employees will assume the RO role until such time as the RO is re-qualified or another official is appointed.

10. Pay Pool Operations

a. PPP

(1) All PPP members will be selected from the most senior civilian and military manager positions in the participating commands. PPP members will be chosen to reflect and represent the membership of the pay pool based on such factors as: mission variety, organization size, geographic location, etc. The PPP will be supported and advised by HR, Legal and EEO advisors though they will not be PPP members. EEO advisors shall be requested to observe the PPP process.

(2) The PPM has discretion to rotate the pay pool members every 1-3 years to ensure that there is a proper balance of civilian and military personnel on all panels.

(3) The panel will include alternate members who are trained as panel members and attend all meetings and deliberations. Their function is to serve as a voting member in the place of a regular panel member absent due to illness or emergency.

(4) PPP members are expected to attend all PPP meetings unless specifically excused by the PPM.

b. PPP Procedures

(1) The PPP will convene as soon as practical and in any case no more than 5 weeks after the close of the rating cycle.

(2) For the annual performance cycle, PPP operations are constrained by a number of considerations including the beginning of a new fiscal year, holidays, and the requirement to complete the process in a timely fashion to ensure employees receive their rating of record by 1 January per reference (a),

SC1930. This limited timeframe for PPP deliberations dictates that appraisal submission and review deadlines must be strictly followed.

(3) PPP meetings will normally occur face-to-face. Follow-on meetings to discuss rating justification information in response to reconsideration requests, if required, may be held by phone or video teleconference when approved by the PPM. The duration of panel meetings will be 6-8 hours each day to allow sufficient time for issues to be analyzed and discussed and to ensure a common understanding and consensus can be achieved.

(4) PPP deliberations and discussions are confidential. PPP members will be informed in writing of the non-disclosure policy prior to pay pool deliberations. Pay pool members may not participate in panel deliberations on those with whom they share a close personal or family relationship. All persons involved in the PPP will sign a non-disclosure agreement and abide by the standards of conduct and ethics as outlined in the implementing issuances. At a minimum, the PPM, PPP members, PPA and any panel support personnel will sign nondisclosure statements. All panel deliberations, materials, and information (both written and verbal) developed during these meetings are For Official Use Only (FOUO) and privacy sensitive. Once panel recommendations have been approved by the PPM and entered into the PAA by the RO, and all reconsideration requests have been resolved, all extraneous record review materials will be destroyed. All recommendations as well as the approved pay pool rating, share assignment, and payout distribution decisions, PPP out briefs/reports to the PRA are Performance Management Records and will be retained for 3 years per SECNAV M-5210.1 of November 2007 for Standard Subject Identification Code (SSIC) 12430.

(5) As directed by the PPM the PPA will prepare necessary documentation to facilitate panel deliberations. Such materials may include: electronic copies of performance appraisal DD 2906 Department of Defense National Security Personnel Interim Review/Closeout Assessment; recommended ratings and assessments from the employee, RO, and copies of the performance indicators and contributing factors; copies of current pay bands; current GS pay schedule; NSPS compensation models; lists of awards, promotions and reassignments that

occurred during the cycle; and copies of performance plans. The PPM will determine the need to provide any materials to panel members for review in advance of the meeting.

(6) All ROs will be available to the PPP during the dates and times scheduled for panel deliberations. Should mission requirements dictate a RO's absence it is that official's responsibility to notify the PPA and provide accurate information to permit contact via telephone and/or e-mail. In the case that the PPP requires additional information from a RO who is unreachable, the HLR will be contacted in the RO's place for additional justification of an employee's rating. The PPP dates will be published to ROs no less than 2 months in advance of the panel meetings. Annual leave and mission dictated travel for those involved in the review process should be carefully considered and approved on a case-by-case basis.

(7) Administrative support for the PPP requires: military personnel temporarily assigned for administrative duties, meeting rooms, computers with internet and Defense Civilian Personnel Data System (DCPDS) access so the panel can review and work with the automated tools within NSPS, high-speed printers and copiers and access to phone and e-mail for contacting ROs and HLRs when needed.

(8) Each panel will commence by reviewing panel precepts or guidance related to the panel's function provided by the PRA. This will be followed by the review of employee appraisal information chaired by PPM. Records consisting of employee self-assessment, supervisor assessment, and recommended rating, shares, and payout distribution will be divided into manageable subsets and distributed among the PPP members. As in a selection board, PPP members will review all records and will be assigned to brief a portion of the records to the PPP and recommend a rating, share allocation and share distribution. To ensure equity and advocacy for all employees, panel members who are RO will be excused from deliberation and voting on the records of their own employees. The RO/HLR positions have been stated in the appraisals they have submitted and approved and may not be augmented by discussion or vote. Prior to deliberations, RO's on the PPP may answer panel questions only to clarify the nature and scope of work performed by their organization, not of an employee's work, nor an employee's

performance. Should the panel desire additional justification on an employee of a panel member, it will be requested and provided by e-mail just as with all other employees

(9) During deliberations, the PPP will only consider materials provided by the PPM and any subsequent information provided by the RO. Information based on an employee's reputation, prior acts or personal/professional relationships with a PPP member may not be considered during deliberations. Once the employee's appraisal is briefed the PPP will vote on the rating and payout distribution. Should the PPP disagree with the recommended rating and wish to change the rating, the employee's RO and HLR will be contacted by e-mail. The RO will have 4 working hours to respond by e-mail to the pay pool/data administrator to provide additional justification for the recommended rating. Upon receiving the additional information the record will be re-briefed and the PPP will again vote on the rating.

(10) A decision by the PPP to change an employee's recommended rating will not be made until after the RO presents their rationale for the rating. Non-availability of a RO or HLR is not an acceptable reason for delaying a decision to change a rating, or for delaying or stopping the performance payout. This rule applies whether the PPP's intent is to raise or lower the rating. If the RO or HLR is not available the PPM will make the final decision to change the rating.

(11) Once the PPM approves the outcome of the PPP deliberations, the RO will make any required changes in the PAA to reflect the final rating of record (i.e., change individual objective ratings, influence of the contributing factors, and modify the supervisory assessment, if needed) prior to conducting the annual appraisal meeting with the employee or transmitting the addendum to the DD2906 to the employee. Once final ratings have been approved by the PPM they become the rating of record.

(12) At the conclusion of the PPP the PPM will prepare a **summary report of the results of the deliberations for the PRA. The report will present the average share assignment, number of employees receiving each share assignment, and pay pool share value expressed as a percent of base pay.** The PRA approval of this report will authorize the pay pool fund distribution.

d. Share Allocation. Share allocation will be mathematically derived based upon the average adjusted rating as shown below.

RATING LEVEL	AVERAGE ADJUSTED RATING	NUMBER OF SHARES
1	1 on Any Objective	0
2	2.00 to 2.50	0
3	2.51 to 2.99	1
3	3.00 to 3.50	2
4	3.51 to 3.99	3
4	4.00 to 4.50	4
5	4.51 to 4.75	5
5	4.76 to 5.00	6

e. Payout Distribution

(1) The PRA may set a standard allocation of payout divided between permanent pay increase and bonus in support of the organization's compensation strategy. Variance from this standard may be requested by the RO and approved by the PPP.

(2) When considering the payout distribution (salary versus bonus) for an employee, a salary increase is appropriate for sustained superior performance that is expected to continue at the same or higher level in the future. Higher performers who are low in their salary range would also likely receive a higher proportion of their payout as a salary increase. A bonus is more appropriate for shorter term or one-time superior performance and the only option for employees at the top of their pay band.

(3) Payout salary increases cannot cause an employee's salary to exceed the compensation model salary range of their position within the assigned pay band, or the maximum of the assigned pay band. Excess amounts will be paid as a bonus.

(4) ROs and HLRs will consider the relative salaries of their subordinate employees when recommending payout distributions. The salaries of employees occupying comparable positions (i.e., equivalent pay schedules, pay bands, and responsibility) should be based on their level of performance, not seniority. As a guideline, ROs should reward higher performing employees with greater salary increases than lower performing employees who occupy comparable positions. Over

time, the salaries of higher performing employees will exceed the salaries of lower performing employees.

(5) Performance payouts for eligible employees who are absent due to leave without pay, or on a part-time or intermittent work schedule will be pro-rated as follows:

<u>HOURS WORKED</u>	<u>PERCENT OF PAYOUT</u>
1561-2087	100 percent
1041-1560	75 percent
521-1040	50 percent
0-520	25 percent

Note: Proration does not apply to specially situated employees. Their pay-out will be governed by reference (a), appendix 1 of SC 1940, "Performance Management" of 1 December 2008. Proration is subject to supplemental DoD or DON guidance

f. Reports

(1) To promote credibility and transparency of pay pool management, the PPM will publish statistical results of the annual appraisals, including such metrics as: average pay pool rating level, number of employees or percent of employees receiving each rating level, average share assignment, number of employees receiving each share assignment, and pay pool share value expressed as a percent of base pay. To ensure confidentiality of individual employees, published pay pool summary data will not be displayed in a manner that could reasonably result in revealing the identity of a specific employee.

11. Records Management. Records created as a result of this instruction, regardless of media and format, shall be managed per Secretary of the Navy (SECNAV) Manual 5210.1 of November 2007.

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12. Cancellation Contingency. This notice will remain in effect until superseded.

A handwritten signature in dark ink, appearing to read "D. P. Quinn". The signature is fluid and cursive, with a stylized "Q" and "N".

D. P. QUINN
Rear Admiral, U.S. Navy
Deputy Chief of Naval Personnel

Distribution:
Electronic only, via BUPERS Web site
<http://www.npc.navy.mil/>

ROLES AND RESPONSIBILITIES

1. Performance Review Authority (PRA). The PRA appoints a PPM at the beginning of each performance cycle to manage the pay pool fund, resolve discrepancies, and ensure consistencies. Ensures the workforce is kept apprised of their pay pool, PPM and members, and other requirements. The PRA approves shares, and payout distributions ensuring consistency across pay pools. The PRA will determine final pay pool funding percentages and the estimated share value. The PRA serves as the final authority in adjudicating job objective rating and rating of record reconsiderations. The PRA analyzes the results of the pay pool to examine and improve the performance management system and operations.

2. Pay Pool Managers (PPM). Per applicable NSPS issuances the PPM shall:

a. Appoint and designate in writing PPP members and the PPA.

b. Ensure pay pool procedures and policies are exercised in a consistent manner; provide defined roles and responsibilities to each panel member.

c. Establish and chair the PPP meetings and deliberations.

d. Ensure consistency and equity in the pay pool process.

e. Communicate general and aggregate results to the pay pool members.

f. Ensure supervisors, management officials, ROs, and all PPP members have been appropriately trained.

g. Ensure pay pool participants sign applicable non-disclosure letters.

h. Provide justifications for any change in a rating of record and ensures changes are documented in files maintained for the PPM. In the event of a split decision by the PPP, the PPM will render a final decision on the ratings, number of shares, and payout distribution.

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i. Ensure ROs complete performance plans, interim reviews, recommended ratings, and annual appraisals, within established timeframes.

j. Approve final ratings and share assignments.

3. Pay Pool Panel (PPP). The PPP is appointed by the PPM and will generally consist of senior civilian and military managers within the command. Appointed members and alternates will be trained prior to the panel convening. These individuals review the ROs' appraisals and payout recommendations, seek clarifying information as needed from the PPM to ensure consistency and equity across the pay pool, and recommend a rating of record and value payout to the PPM.

4. Higher Level Reviewer (HLR). The HLR will review objectives, performance plans, and performance appraisals in a timely manner and assure accuracy and compliance with requirements. They will assure equitable and consistent application of, and compliance with, rating requirements by all subordinate ROs, and direct revisions to subordinate ROs' proposed ratings when necessary. Serves as RO for subordinate employees in the event a RO is absent or unqualified to serve when required.

5. Rating Officials(ROs). Conduct and document the following formal performance-related conversations: performance plan, interim review, end of cycle review and annual appraisal. Make appropriate revisions as needed to individual performance objectives. Prepare timely performance appraisals using the PAA, accurately assessing the employee's attainment of job objectives. Update employee appraisals in the PAA in response to changes by the PPP.

6. Pay Pool Advisor (PA). The primary role of the PA is to support the PPMs in fulfilling their responsibilities by keeping the flow of information and activity moving smoothly throughout the pay pool process so that the desired outcomes can be achieved. In addition the PA can work with the RO and sub-pay pools to help them establish a shared understanding of performance, ensuring that processes and a time schedule are in place, and that everyone is aware of and following those processes.

a. The PA must be well versed in the details of the 5 CFR Part 9901 Subpart D, DoD Civilian Personnel Manual 1400.25-M Sub-chapter 1940 of 12 December 2008, as well as the Navy Civilian Human Resource Manual on Performance Management. The advisor has the skills to understand both the technical and procedural aspects of the PPP process (specifically, the technical steps toward rendering pay pool decisions and the interactive procedures as PPP members deliberate).

b. PA activities include, but are not limited to:

(1) Discerning problems associated with the process and facilitating PPP meetings in order to achieve successful pay pool outcomes.

(2) Observing panel meetings, correcting discrepancies, and focusing on the panel's outcomes.

(3) Directing the pay pool data administrator in analyzing trends in payout process in order to bring to the attention of the PPM.

(4) Recommending pay pool rules of engagement and timelines to be established.

(5) Collecting data throughout the process to identify what went well and what could be done differently during the next cycle.

(6) Assists the PPM in fulfilling requirements to:

(a) Ensure the organizational and financial structures exist to meet the goals of the pay pool.

(b) Communicate pertinent information to the PPP.

(c) Work with (sub) pay pools to establish a shared understanding of performance and reach the outcomes of each phase of the pay pool process.

(d) Evaluate the pay pool process and recommend improvements.

c. The responsibilities listed above are minimum requirements. Additional requirements may be established by appropriate levels of leadership.

7. Pay Pool Administrator (PPA)

a. Under the supervision of the PPM, the PPA provides administrative support and tracks panel decisions. Generally, this individual has ability to develop a working knowledge of HR data structures and data elements, and specific knowledge of the organization's structure (including their proposed pay pool structure) in addition to an extensive knowledge of MS Excel, the Compensation Workbench, and the PAA.

b. The primary duties of the PPA are as follows:

(1) Prepares the necessary documentation as requested by the PPM to facilitate panel deliberations. Such materials may include: electronic or paper copies of performance plans, recommended ratings and assessments from the employees, and ROs; copies of the performance indicators and contributing factors; copies of DON compensation models; current NSPS pay schedule; list of promotions and reassignments that occurred during the cycle; employee award information, identification of early annual ratings, transfers from other pay pools, etc.

(2) Schedules PPP meeting rooms and ensure availability of telephone, computer, and other equipment necessary for PPP deliberations.

(3) Maintains the pay pool identifier, pay pool roles, and pay pool membership in DCPDS using the Manage Pay Pool Identification (MPP ID) tool.

(4) Receives, stores, and secures appraisal information for the panel's use.

(5) Populates the Compensation Workbench (CWB) tool with data from DCPDS and the PAA Tool.

(6) Identifies specially situated employees (those not eligible for ratings or payouts, employees who are separating,

employees on LWOP or part time, etc.) for rating and payout eligibility as well as employees subject to prorating rules prior to PPP meetings. Adjusts CWB accordingly.

(7) Operates the automated pay pool tools during panel meetings to provide data for the panel's use, to include updating the CWB with panel rating, share assignments, and payout distribution decisions. Track the changes made for subsequent notification to ROs.

(8) Extracts ratings, shares, and payout data from the CWB tool after the PPP meeting, upload to DCPDS, correct errors, and finalize appraisals.

(9) Works with appropriate HR liaison/HRO/HRSC as needed to process payout actions.

(10) Maintains and advises the PPM concerning DoD, DON, and local business rules governing NSPS performance and pay pool management.

8. NSPS Data Administrator. The NSPS Data Administrator maintains the command's organizational/self-service hierarchy in DCPDS. Maintaining accurate supervisor-subordinate relationships permits the operation of the PAA work-flow function for routing performance plans and appraisals. Particularly critical is the timely addition and removal of military personnel who supervise NSPS employees. The NSPS Data Administrator initiates and tracks the submission of the PAA user account forms for the creation of virtual military positions for military supervisors. The Data Administrator also maintains a list of all NSPS training completions for all employees, ROs, HLRs and PPP members in support of PPM and PPA requirements.